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EXAMINER	
FERTIG, BRIAN E	
ART UNIT	**PAPER NUMBER**
4124	
NOTIFICATION DATE	**DELIVERY MODE**
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

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Office Action Summary	Application No.	Applicant(s)
	10/615,250	TSO ET AL.
	Examiner	Art Unit
	Brian Fertig	4124

-- *The MAILING DATE of this communication appears on the cover sheet with the correspondence address* --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *12/18/2003*.

2a)☐ This action is **FINAL**. 2b)☒ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-35* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-35* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☒ The drawing(s) filed on *18 December 2003* is/are: a)☒ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. ______.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)

2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____.

4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____ .

5) ☐ Notice of Informal Patent Application

6) ☐ Other: _____.

DETAILED ACTION

Claim Rejections - 35 USC § 112

1. The following is a quotation of the second paragraph of 35 U.S.C. 112:

> The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

NB

2. Claims 3, 7-10, 17, 18, 20, 27, 30, 32 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

With respect to claims 3, 17 and 27

These claims refer to 'rp1 risk-based capitol treatment.' RP1 is a designation for a security set by the National Association of Insurance Commissioners (NAIC) and is subject to change. As such, the limitation fails to particularly point out and distinctly claim the subject matter which the applicant regards as his invention.

With respect to claims 7, 18, and 30

These claims recite the limitation of structuring the trust as trust selected from the group including: (a) a limited purpose Delaware business trust; and (b) a limited purpose New York business trust. This limitation recites an open-ended group whose elements could be infinite in number. In addition, Delaware and New York business trusts are statutorily created entities subject to change by their respective states. As such, the limitation fails to particularly point out and distinctly claim the subject matter which the applicant regards as his invention.

With respect to claims 10, 20, and 32

These claims recite wherein the equity security is an SPDR share. The make up of these type of shares is defined by Standard and Poor's and is subject to change. Further, SPDR refers to a trademark belonging to Standard and Poor. The subject matter to which the trademark refers to is also subject to change. As such, the limitation fails to particularly point out and distinctly claim the subject matter which the applicant regards as his invention.

Claim Rejections - 35 USC § 101

3. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Claims 1-35 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

In reference to claims 1-24

Claims 1-24 are directed toward methods for providing principal protection to capitol markets without providing significant income statement volatility. In spite of being directed toward methods, the claims involve the use of securities, derivatives, and rely on the laws of man to be operable. These fall into the judicially defined exception to 35 U.S.C. 101 prohibiting abstract ideas from being patent eligible subject matter. For the purposes of examination, the guidelines set out in the Interim Guidelines for Examination of Patent Applications for Patent Subject Matter Eligibility published in the Official Gazette 22 November 2005 will be used. Briefly, these guidelines require a claimed invention that falls within a

judicial exception to demonstrate some practical application to be allowable subject matter under 35 U.S.C. 101. A practical application can be demonstrated if the claimed invention physically transforms an article or physical object to a different state or thing or if the claimed invention produces a useful, concrete, and tangible result.

These methods fail to perform any physical transformation to an article or physical object to arrive at a different state or thing. The method of claims 1-24 are computer implementable. As such, the method operates on data and results in data. Data is not a physical thing to which a physical transformation can be made. Further, no transformation is actually accomplished since the data remains in a single state (i.e. it remains data). It has been established by the courts that manipulation of data does not constitute transformation for the purposes of demonstrating a practical application.

Further, the methods fail to provide a useful, concrete, and tangible result. In order to avoid income statement volatility, regulators and auditors must view, interpret and implement the laws and accounting standards in a way favorable to the applicant's invention. Laws and regulations are subject to change and the interpretation and implementation of the laws and regulations can vary among regulators and auditors. The analysis and conclusions reached by regulators and auditors will also vary with the particular circumstances of the party seeking to implement applicant's invention. Indeed, applicant's specification supports the existence of this uncertainty as indefinite language, including 'believe', 'likely',

'may', 'if', 'opinions', and 'whether,' is used when describing the treatment applicant's invention will receive from regulators and auditors. As such, applicant's invention does not produce a concrete result.

In reference to claims 25-35

Claims 25-35 are directed toward a 'financial structure' but consist of no more than legal agreements. Legal agreements, *per se*, do not appear to be a process, machine, manufacture, or composition of matter and therefore fail to be patent eligible subject matter.

Claim Rejections - 35 USC § 103

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

6. Claims 1-6, 10-14, 25-29, and 32-35 are rejected under 35 U.S.C. 103(a) as being unpatentable over Securities Act File No. 333-83085 filed by The Market Participation Principal Protection Fund Inc, July 16, 1999 (SEC) (as annotated by examiner) in view of Hecht v. Malley, 265 U.S. 144 (1924)] (Hecht) and US Patent Application Publication 2002/0138391 A1 to Brown, filed Mar 21, 2001 (Brown).

With respect to claim 1

SEC teaches a computer implementable method (note that the method taught is capable of being computer implemented) for performing data processing operations associated with providing principal protection exposure to

an equity market, comprising the steps of: allocating a portion of the proceeds of the sale to a purchase of an equity security, from the equity market ("With the remaining proceeds, the Fund will invest in a portfolio that will match as closely as practicable the composition and proportions of the S&P 500 Index.", See Investment Objectives and Policies at Examiner's Annotation (EA) 2); and allocating a portion of the proceeds of the sale to a purchase of a put option on the equity security ("With the proceeds of this offering, the Fund intends to purchase one or more Put Contracts related to the S&P 500", See Investment Objectives and Policies at EA 2), which purchase is from a second entity; using the sale to the first entity, combined with the purchase of the equity security and the purchase of the put option, so as to provide the first entity with principal protection exposure to the equity market ("The investment objective of the Fund is to return to shareholders on or about the Marturity date . . . the Fund's initial net value", See Investment Objectives and Policies at EA 1). SEC does not teach a trust as the investment vehicle or the Fund providing a substantial lack of income statement involatility.

Hecht teaches conducting the sale of a trust certificate and the use of a trust as investment entity. Particularly, Hecht teaches that a business trust "is a form of business organization . . . consisting essentially of an arrangement whereby property is conveyed to trustees, in accordance with the terms of an instrument of trust, to be held and managed for the benefit of such persons as may from time to time be the holders of transferable certificates (i.e. trust

certificates) issued by the trustees showing the shares into which the beneficial interest in the property is divided. These certificates, which resemble certificates for shares of stock in a corporation and are issued and transferred (i.e. sold) in like manner, entitle the holders to share ratably in the income of the property, and, upon termination of the trust, in the proceeds."

Brown teaches principal protection without substantial income statement volatility via "hedge accounting rules" (See par. 43).

Hecht teaches that the equivalence between a stock issuing financial vehicle and a trust is known in the art. It would, therefore, have been obvious to one skilled in the art at the time of applicant's invention to substitute the Fund of SEC with a trust. Further, Brown teaches that if a derivative qualifies as a hedge, "hedge accounting" may be used to reduce the income statement volatility. It would, therefore, have been obvious to one skilled in the art at the time of applicant's invention to provide the hedge (i.e. the combination of the put and its underlying security) taught by SEC with the "hedge accounting" taught by Brown to reduce income statement volatility.

<u>With respect to claim 2</u>

SEC as modified by Hecht and Brown teaches the method of claim 1 (see rejection of claim 1 above), wherein the principal protection exposure is provided to the first entity with substantially no income statement volatility (See Brown par 43).

With respect to claim 3

SEC as modified by Hecht and Brown teaches the method of claim 1 (see rejection of claim 1 above), wherein the principal protection exposure is provided to the first entity with RP 1 risk-based capital treatment (It is well known in the art that RP1 capital treatment allows banks to carry a risk based asset without increasing the level of capitol they must keep on hand to offset risk based assets. As such, it would have been obvious to one skilled in the art at the time of applicant's invention to provide principal protection using RP1 risk-based capital treatment to provide the benefit to banks of not increasing their capital holding requirements).

With respect to claim 4

SEC as modified by Hecht and Brown teaches the method of claim 1 (see rejection of claim 1 above), wherein substantially all of the proceeds of the sale of the trust certificate are allocated between the purchase of the equity security and the purchase of the put option on the equity security ("With the proceeds of this offering, the Fund intends to purchase one or more Put Contracts . . . With the remaining proceeds, the Fund will invest in a portfolio . . . of the S&P 500", See SEC at EA 2).

With respect to claim 5

SEC as modified by Hecht and Brown teaches the method of claim 1 (see rejection of claim 1 above), further comprising structuring the trust (a trust is "a

form of business organization . . . whereby property is conveyed to trustees, in accordance with the terms of an interest of trust, See Hecht).

With respect to claim 6

SEC as modified by Hecht and Brown teaches the method of claim 5 (see rejection of claim 5 above), wherein substantially all of the proceeds of the sale of the trust certificate are allocated among the purchase of the equity security, the purchase of the put option on the equity security, and formation and administration costs associated with the trust ("With the proceeds of this offering, the Fund intends to purchase one or more Put Contracts . . . With the remaining proceeds, the Fund will invest in a portfolio . . . of the S&P 500", See SEC at EA 2 and "The Fund will pay the fees and expenses of non-affiliated Directors and their counsel, brokerage and transaction costs", See SEC, Fees at EA 4. Note that these operational expenses could occur during the trust formation and would necessarily have to be paid from the proceeds gathered through the initial sale of certificates since the Fund would have no other assets at that point.).

With respect to claim 10

SEC as modified by Hecht and Brown teaches the method of claim 1 (see rejection of claim 1 above), wherein the equity security is an SPDR share ("The Fund may invest in Standard & Poor's Depositary Reciepts ("SPDRs")", see SEC, Other Investment Policies at EA 5).

With Respect to claim 11

SEC as modified by Hecht and Brown teaches the method of claim 1 (see rejection of claim 1 above), wherein the put option is struck at a price that substantially guarantees at least the return of the initial investment by the first entity at the maturity of the put option ("However, as the Fund will use a portion of its assets to purchase one or more Put Contracts, the Fund's return on the Maturity Date is expected to exceed the performance of the S&P 500 if the value of the S&P 500 on the Maturity Date is less than its Starting Value", See SEC, Investment Objectives and Policies at EA 2).

With respect to claim 12

SEC as modified by Hecht and Brown teaches the method of claim 11 (see rejection of claim 11 above), wherein the put option is an over-the-counter put option ("Put contracts that are not traded on an organized exchange are known as an "over-the-counter" or "OTC" instrument. The Put Contract that the Fund intends to purchase will differ from exchange traded financial contracts", See SEC, at Investment Objectives and Policies at EA 3).

With respect to claim 13

SEC as modified by Hecht and Brown teaches the method of claim 12 (see rejection of claim 12 above), wherein the put option is a European-style cash-settling option ("However, as the Fund will use a portion of its assets to purchase one or more Put Contracts, the Fund's return on the Maturity Date is expected to exceed the performance of the S&P 500 if the value of the S&P 500

on the Maturity Date is less than its Starting Value." Because European-style cash-settling options are settled on a particular maturity date and because they are one of only a limited number of popular settlement terms, the disclosure of SEC contemplates their use, See SEC at EA 2).

With respect to claim 14

SEC as modified by Hecht and Brown teaches the method of claim 1 (see rejection of claim 1 above), wherein the steps are carried out in the order recited. (Note that SEC as modified by Hecht and Brown recites acquisition of the put option before the acquisition of the security. These steps could be reversed without materially changing the result of the method.)

With respect to claim 25

SEC as modified by Hecht and Brown teaches a financial structure for providing principal protection exposure to an equity market, comprising: a trust certificate (certificates, see Hecht), which trust certificate is sold by a trust to a first entity to generate proceeds ("These certificates, which resemble certificates for shares of stock . . . are issues and transferred in line manner", see Hecht. Note that it is well known in the art that stock is routinely issued to generate proceeds.); an equity security, which equity security is purchased by the trust from the equity market using a portion of the proceeds of the sale of the trust certificate ("With the remaining proceeds, the Fund will invest in a portfolio that will match as closely as practicable the composition and proportions of the S&P 500 Index.", See SEC at EA 2); and a put option on the equity security, which put

option is purchased by the trust from a second entity using a portion of the proceeds of the sale of the trust ("With the proceeds of this offering, the Fund intends to purchase one or more Put Contracts related to the S&P 500", See SEC at EA 2); wherein the trust certificate sold to the first entity, combined with the equity security purchased by the trust and the put option purchased by the trust, results in the first entity with principal protection exposure to the equity market ("The investment objective of the Fund is to return to shareholders on or about the Marturity date . . . the Fund's initial net value", See SEC at EA 1) without causing substantial income statement volatility (See Brown par. 43).

WB (See the rejection of claim 1 above for the rational supporting obviousness)

With respect to claim 26

SEC as modified by Hecht and Brown teaches the structure of claim 25 (see rejection of claim 25 above), wherein the principal protection exposure is provided to the first entity with substantially no income statement volatility (See Brown par. 43).

With respect to claim 27

SEC as modified by Hecht and Brown teaches the structure of claim 25 (see rejection of claim 25 above), wherein the principal protection exposure is provided to the first entity with RP 1 risk-based capital treatment (It is well known in the art that RP1 capital treatment allows banks to carry a risk based asset without increasing the level of capitol they must keep on hand to offset risk based assets. As such, it would have been obvious to one skilled in the art at the time of applicant's invention to provide principal protection using RP1 risk-based

capital treatment to provide the benefit to banks of not increasing their capital holding requirements).

With respect to claim 28

SEC as modified by Hecht and Brown teaches the structure of claim 25 (see rejection of claim 25 above), wherein substantially all of the proceeds of the sale of the trust certificate are allocated between the purchase of the equity security and the purchase of the put option on the equity security ("With the proceeds of this offering, the Fund intends to purchase one or more Put Contracts . . . With the remaining proceeds, the Fund will invest in a portfolio . . . of the S&P 500, See SEC at EA 2).

With respect to claim 29

SEC as modified by Hecht and Brown teaches the structure of claim 25 (see rejection of claim 25 above), wherein substantially all of the proceeds of the sale of the trust certificate are allocated among the purchase of the equity security, the purchase of the put option on the equity security, and formation and administration costs associated with the trust ("With the proceeds of this offering, the Fund intends to purchase one or more Put Contracts . . . With the remaining proceeds, the Fund will invest in a portfolio . . . of the S&P 500", See SEC at EA 2 and "The Fund will pay the fees and expenses of non-affiliated Directors and their counsel, brokerage and transaction costs", See SEC at EA 4. Note that these operational expenses could occur during the trust formation and would

necessarily have to be paid from the proceeds gathered through the initial sale of certificates since the Fund would have no other assets at that point).

With respect to claim 32

SEC as modified by Hecht and Brown teaches the structure of claim 25 (see rejection of claim 25 above), wherein the equity security is an SPDR share ("The Fund may invest in Standard & Poor's Depositary Reciepts ("SPDRs")", See SEC at EA 5).

With respect to claim 33

SEC as modified by Hecht and Brown teaches the structure of claim 25 (see rejection of claim 25 above), wherein the put option is struck at a price that substantially guarantees at least the return of the initial investment by the first entity at the maturity of the put option ("However, as the Fund will use a portion of its assets to purchase one or more Put Contracts, the Fund's return on the Maturity Date is expected to exceed the performance of the S&P 500 if the value of the S&P 500 on the Maturity Date is less than its Starting Value", See SEC at EA 2).

With respect to claim 34

SEC as modified by Hecht and Brown teaches the structure of claim 33 (see rejection of claim 33 above), wherein the put option is an over-the-counter put option ("Put contracts that are not traded on an organized exchange are known as an "over-the-counter" or "OTC" instrument. The Put Contract that the

Fund intends to purchase will differ from exchange traded financial contracts", See SEC at 3).

With respect to claim 35

SEC as modified by Hecht and Brown teaches the structure of claim 34 (see rejection of claim 34 above), wherein the put option is a European-style cash-settling option ("However, as the Fund will use a portion of its assets to purchase one or more Put Contracts, the Fund's return on the Maturity Date is expected to exceed the performance of the S&P 500 if the value of the S&P 500 on the Maturity Date is less than its Starting Value", Because European-style cash-settling options are settled on a particular maturity date and because they are one of only a limited number of popular settlement terms, the disclosure of SEC contemplates their use, See SEC at EA 2).

7. Claims 7, 8, and 30 are rejected under 35 U.S.C. 103(a) as being unpatentable over SEC in view of Hecht, Brown, and The Delaware Business Trust Act by Eric A. Mazie, Jan 9, 2000 (Mazie). The teachings of SEC, Hecht, and Brown are described above. They do not teach structuring the trust as a trust selected from the group including: (a) a limited purpose Delaware business trust; and (b) a limited purpose New York business trust.

With respect to claim 7

SEC as modified by Hecht, Brown and Mazie teaches the method of claim 6 (see rejection of claim 6 above), further comprising structuring the trust as trust selected from the group including: (a) a limited purpose Delaware business trust

(See Mazie par 1); and (b) a limited purpose New York business trust.

Because Mazie explicitly teaches the use of a Delaware Business Trust for asset-backed financing transactions because of the certainty governing statutory law offers through statutory trusts, if would have been obvious to one skilled in the art at the time of applicant's invention to structure the trust of Brown as a statutory business trust and specifically a Delaware Business Trust.

With respect to claim 8

SEC as modified by Hecht, Brown and Mazie teaches the method of claim 7 (see rejection of claim 7 above), further comprising selecting a trustee for the trust ("a trust is "a form of business organization . . . whereby property is conveyed to trustees", See Hecht. Note: it is inherent that a trustee be chosen if a trust is to exist.)

With respect to claim 30

SEC as modified by Hecht, Brown, and Mazie teaches the structure of claim 25 (see rejection of claim 25 above), wherein the trust is selected from the group including: (a) a limited purpose Delaware business trust (See Mazie par 1); and (b) a limited purpose New York business trust.

8. Claims 9, 15-24, 30, and 31 are rejected under 35 U.S.C. 103(a) as being unpatentable over SEC in view of Hecht, Brown, Mazie, and US Patent 5,809,484 to Mottola, 1998 (Mottola).

With respect to claim 9

The teachings of SEC as modified by Hecht, Brown, and Mazie are described above. They do not teach selecting an independent bank trustee to serve as trustee for the trust. SEC as modified by Hecht, Brown, Mazie, and Mottola teaches the method of claim 7(see rejection of claim 7 above), further comprising selecting an independent bank trustee to serve as trustee for the trust (See Mottola col 3, lines 47-51). Because Motolla teaches that it is known in the art to select an independent bank as the trustee of a trust, it would have been obvious to one skilled in the art at the time of applicant's invention to select the trustee of Hecht to be an independent bank as taught by Mottola.

With respect to claim 15

SEC as modified by Hecht, Brown, Mazie and Mottola teaches a computer implementable method for performing data processing operations associated with providing principal protection exposure to an equity market, comprising the steps of: structuring a trust (a trust is "a form of business organization . . . whereby property is conveyed to trustees, in accordance with the terms of an interest of trust, See Hecht); selecting a trustee for the trust ("a trust is "a form of business organization . . . whereby property is conveyed to trustees", See Hecht. Note: it is inherent that a trustee be chosen if a trust is to exist.); carrying out a sale of a trust certificate to generate proceeds, which sale is from the trust to a first entity ("These certificates, which resemble certificates for shares of stock . . . are issues and transferred in line manner", see Hecht. Note that stock is routinely

issued to generate proceeds); allocating a portion of the proceeds of the sale of the trust certificate to a purchase of an equity security, which purchase is by the trust from the equity market ("With the remaining proceeds, the Fund will invest in a portfolio that will match as closely as practicable the composition and proportions of the S&P 500 Index.", See SEC at EA 2); and allocating a portion of the proceeds of the sale of the trust certificate to a purchase of a put option on the equity security, which purchase is by the trust from a second entity ("With the proceeds of this offering, the Fund intends to purchase one or more Put Contracts related to the S&P 500", See SEC at EA 2); using substantially all of the proceeds of the sale of the trust certificate to allocate the proceeds among the purchase of the equity security, the purchase of the put option on the equity security, and formation and administration costs associated with the trust ("With the proceeds of this offering, the Fund intends to purchase one or more Put Contracts . . . With the remaining proceeds, the Fund will invest in a portfolio . . . of the S&P 500", See SEC at EA 2 and "The Fund will pay the fees and expenses of non-affiliated Directors and their counsel, brokerage and transaction costs", See SEC, Fees at EA 4. Note that these operational expenses could occur during the trust formation and would necessarily have to be paid from the proceeds gathered through the initial sale of certificates since the Fund would have no other assets at that point.); and processing the sale of the trust certificate to the first entity, combined with the purchase of the equity security by the trust and the purchase of the put option by the trust, so as to provide the first

entity with principal protection exposure to the equity market ("The investment objective of the Fund is to return to shareholders on or about the Marturity date . . . the Fund's initial net value", See SEC at EA 1) without causing substantial income statement volatility (See Brown par. 43).

(see the rejection of claim 1 above for the rational supporting obviousness) JWB

With respect to claim 16

SEC as modified by Hecht, Brown, Mazie and Mottola teaches the method of claim 15 (see rejection of claim 15 above), wherein the principal protection exposure is provided to the first entity with substantially no income statement volatility (See Brown par 43).

With respect to claim 17

SEC as modified by Hecht, Brown, Mazie and Mottola teaches the method of claim 15 (see rejection of claim 15 above), wherein the principal protection exposure is provided to the first entity with RP1 risk-based capital treatment (It is well known in the art that RP1 capital treatment allows banks to carry a risk based asset without increasing the level of capitol they must keep on hand to offset risk based assets. As such, it would have been obvious to one skilled in the art at the time of applicant's invention to provide principal protection using RP1 risk-based capital treatment to provide the benefit to banks of not increasing their capital holding requirements).

With respect to claim 18

SEC as modified by Hecht, Brown, Mazie and Mottola teaches the method of claim 15 (see rejection of claim 15 above), further comprising structuring the

trust as a trust selected from the group including: (a) a limited purpose Delaware business trust (See Mazie par 1); and (b) a limited purpose New York business trust.

With respect to claim 19

SEC as modified by Hecht, Brown, Mazie and Mottola teaches the method of claim 15 (see rejection of claim 15 above), further comprising selecting an independent bank trustee to serve as trustee for the trust (see Mottola col 3, lines 47-51).

With respect to claim 20

SEC as modified by Hecht, Brown, Mazie and Mottola teaches the method of claim 15 (see rejection of claim 15 above), wherein the equity security is an SPDR share ("The Fund may invest in Standard & Poor's Depositary Reciepts ("SPDRs")", See SEC at EA 5).

With respect to claim 21

SEC as modified by Hecht, Brown, Mazie and Mottola teaches the method of claim 15 (see rejection of claim 15 above), wherein the put option is struck at a price that substantially guarantees at least the return of the initial investment by the first entity at the maturity of the put option ("However, as the Fund will use a portion of its assets to purchase one or more Put Contracts, the Fund's return on the Maturity Date is expected to exceed the performance of the S&P 500 if the value of the S&P 500 on the Maturity Date is less than its Starting Value", See SEC at 2).

With respect to claim 22

SEC as modified by Hecht, Brown, Mazie and Mottola teaches the method of claim 21 (see rejection of claim 21 above), wherein the put option is an over-the-counter put option ("Put contracts that are not traded on an organized exchange are known as an "over-the-counter" or "OTC" instrument. The Put Contract that the Fund intends to purchase will differ from exchange traded financial contracts", See SEC at EA 3).

With respect to claim 23

SEC as modified by Hecht, Brown, Mazie and Mottola teaches the method of claim 22 (see rejection of claim 22 above), wherein the put option is a European-style cash-settling option ("However, as the Fund will use a portion of its assets to purchase one or more Put Contracts, the Fund's return on the Maturity Date is expected to exceed the performance of the S&P 500 if the value of the S&P 500 on the Maturity Date is less than its Starting Value", Because European-style cash-settling options are settled on a particular maturity date and because they are one of only a limited number of popular settlement terms, the disclosure of SEC contemplates their use, See SEC at EA 2).

With respect to claim 24

SEC as modified by Hecht, Brown, Mazie and Mottola teaches the method of claim 15 (see rejection of claim 15 above), wherein the steps are carried out in the order recited (Note that these steps could be carried out in the order recited by applicant without materially changing the result of the method.).

With respect to claim 31

SEC as modified by Hecht, Brown, Mazie and Mottola teaches the structure of claim 25 (see rejection of claim 25 above), wherein an independent bank trustee serves as trustee for the trust (see Mottola col 3, lines 47-51).

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure: Chicago Board of Trade, Comodity Trading Manual, 1994, Glenlake Publishing Company Ltd. p 95-97, 325-328.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Brian Fertig whose telephone number is (571) 270-5131. The examiner can normally be reached on Monday - Friday 8:30am to 5:00pm EST.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kenneth Bomberg can be reached on (571) 272-4922. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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